Weil. Gotshal & Manges llp

1300 EYE STREET, NW SUITE 900 WASHINGTON, DC 20005 (202) 682-7000 FAX: (202) 857-0939

AUSTIN BOSTON BRUSSELS BUDAPEST DALLAS FRANKFURT HOUSTON LONDON MIAMI MUNICH **NEW YORK** PARIS PRAGUE PROVIDENCE SHANGHAL SILICON VALLEY SINGAPORE WARSAW

DAVID B. HIRD DIRECT LINE (202) 682-7175 E-MAIL: david.hird@well.com

May 12, 2006

BY FED EX

Douglas Tomchuk Remedial Project Manager USEPA - Region 2 290 Broadway, 19th Floor New York, New York 10007-1866

Re:

Berry's Creek Study Area - Response to Notice

of Potential Liability by Arsynco, Inc.

Dear Mr. Tomchuk:

On behalf of Arsynco, Inc. ("Arsynco"), I am writing to respond to the U.S. Environmental Protection Agency's ("EPA") Notice of Potential Liability and Request to Perform RI/FS (hereinafter the "Notice") of March 9, 2006.

In the Notice, EPA requested that each of the 158 recipients respond to the Agency's invitation to enter into a settlement to perform a remedial investigation/ feasibility study ("RI/FS") for the Berry's Creek Study Area.

According to the materials provided with the Notice, including the "Framework Document," it appears that EPA identified Arsynco as a potentially responsible party ("PRP") because it owns property at the Foot of 13th Street in Carlstadt, New Jersey (hereinafter "Carlstadt Property") in the vicinity of Berry's Creek

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and at one time operated a chemical manufacturing company at that property.¹ Arsynco, however, denies all liability for the Berry's Creek Study Area. Arsynco's operations at the Carlstadt Property did not contribute to the contamination found in Berry's Creek and related areas.

Although Arsynco disputes liability, Arsynco is willing in good faith to enter into negotiations with EPA to participate with other PRPs in undertaking the proposed RI/FS.

Arsynco, however, is a small company; by itself, Arsynco does not have the financial resources or technical capability to undertake the proposed RI/FS. Therefore, Arsynco's participation in this effort depends on whether it is able to reach agreement not only with EPA, but also with the other PRPs, on appropriate terms to implement the RI/FS. Arsynco understands that those negotiations will involve issues relating to the scope of the RI/FS activities, the funding of the work, the selection of contractors, EPA's oversight costs, and the form of appropriate documents memorializing agreements, both between EPA and the PRPs, and among the PRPs themselves. Arsynco is prepared to address these issues in the negotiations.

This proposal is made in good faith, but without any admission of liability or waiving any of Arsynco's rights and defenses.

I will be the principal negotiator on behalf of Arsynco. My address and phone number appear in the letterhead.

Please contact me if you have any questions.

Sincerely,

David B. Hird

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Clay Monroe, Esq.

¹ The Framework Document erroneously states that Arsynco had owned and operated that site since 1900. In fact Arsynco acquired the property, and began its operations there, in July 1969, and ceased those operations at the end of September 1993.